

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /072 W
-----131018Z 051135 /12

R 130550Z APR 77
FM AMCONSUL DHAHRAN
TO AMEMBASSY JIDDA
USLO RIYADH
AMEMBASSY SEOUL
INFO SECSTATE WASHDC 5367
USDOC WASHDC
AMEMBASSY ABU DHABI
AMEMBASSY ATHENS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY ROME
AMEMBASSY TAIPEI

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E.O. 11652: N/A
TAGS: ELAB, PFOR, EGEN, BGEN, SA, KS
SUBJECT: LIMITS ON THE SAUDI EMPLOYMENT OF KOREAN LABOR -- WHO
PLACES THE OBSTACLES?

REF: ROME 4511

1. SUMMARY: AMERICAN COMPANY, L.E. MYERS (LEM), IS BEING
BLOCKED FROM BRINGING INTO SAUDI ARABIA THE KOREAN LABOR
IT HAS RECRUITED TO WORK HERE. ALTHOUGH COMPANY HAS BEEN
PURSUING MATTER BOTH IN RIYADH AND SEOUL, IT HAS BEEN
IMPOSSIBLE FOR THE COMPANY TO DETERMINE IF IT IS SAG OR
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ROK (OR BOTH) WHICH IS BLOCKING THE ISSUANCE OF SAUDI
VISAS TO LEM-HIRED KOREANS. EVEN ARAMCO, WHICH NORMALLY
GAINS WHAT IT WISHES IN SAUDI ARABIA, ADMITS IT UNABLE
TO RESOLVE THE QUESTION. OPINION WIDELY HELD HERE IS
THAT THE KOREANS HAVE QUIETLY TOLD THE SAG NOT TO ISSUE
WORK VISAS TO KOREANS UNLESS THEY WORK FOR KOREAN
CONTRACTORS. WE, HOWEVER, FIND NO SOLID

EVIDENCE TO SUPPORT THAT CONTENTION. POST WOULD APPRECIATE COMMENTS OF ACTION ADDRESSEES REGARDING QUESTIONS AND POINTS DISCUSSED IN THIS MESSAGE. (END SUMMARY)

2. CONTENTS OF REFTEL DISCUSSED WITH LOCAL L.E. MYERS (LEM) MANAGER WHO ADVISED THAT US COMPANY IS NOT CONSIDERING RECRUITMENT OF ITALIANS TO WORK ON ITS PROJECTS IN SAUDI ARABIA. IF ADDITIONAL KOREAN LABOR CANNOT BE BROUGHT INTO SAUDI ARABIA, LEM CONSIDERING DRAWING ON TAIWAN LABOR RESERVOIR -- A DECISION COMPANY WILL NOT MAKE UNTIL NEAR END OF 1977.

3. COMMENT REPORTED IN PARA 3 OF REFTEL THAT ROK HAS PRESSURED SAG NOT TO ISSUE VISAS TO LEM-HIRED KOREANS IS ABOUT THE WAY LOCAL LEM OFFICE HERE SEES ITS NOJ VISAS-FOR-KOREAN-WORKERS PROBLEM. STORY OF SAUDI WORK VISAS FOR LEM'S KOREAN WORKERS IS AN INTERESTING ONE AND POST REVIEWS IT BELOW TO EXPLAIN A SITUATION WHICH MANY COMPANIES HERE ARE FACED WITH AND FIND FRAUGHT WITH FRUSTRATIONS AND IMponderables. AS LEM MANAGER EXPLAINS, IF HE COULD GET RESPONSIBLE KOREAN AND SAUDI OFFICIALS IN "IN THE SAME ROOM" HE MIGHT GET TO THE BOTTOM OF THE MATTER.

4. LEM PROBLEM WITH VISAS FOR KOREAN WORKMEN BEGAN ON JANUARY 29 WHEN SAG EMBASSY IN KOREA ADVISED US COMPANY'S RECRUITER (SEE REFTEL) THAT ITS BLOCK VISA FOR 595 KOREANS HAD EXPIRED AFTER SIX MONTHS RATHER THAN ONE YEAR AS LEM HAD BEEN ADVISED. LEM, BY THAT LIMITED OFFICIAL USE

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TIME, HAD BROUGHT IN 524 KOREAN WORKMEN AND WAS AIMING AT A LEVEL OF 800. LEM'S GOVERNMENT RELATIONS OFFICER (A SAUDI) HAS MADE REPEATED INQUIRIES IN RIYADH AS TO WHY COMPANY'S KOREAN BLOCK VISA WAS CLOSED OUT AFTER SIX MONTHS. HE IS USUALLY TOLD THAT THE REASONS ARE "POLITICAL" OR, MORE OFTEN, THAT THE ROK HAS ADVISED THAT SAUDI VISAS TO KOREANS CANNOT BE ISSUED UNLESS THEY ARE EMPLOYEES OF KOREAN COMPANY WORKING IN SAUDI ARABIA. THE LATTER ANSWER WAS PUT TO COMPANY'S RECRUITER IN SEOUL TO INVESTIGATE AND HE ADVISED LEM FEB 17 ALL SYSTEMS HERE APPEAR TO BE GO AND SOURCES CONTACTED DISCOUNT ANY NEGATIVE ACTION ON PART OF LOCAL (I.E. KOREAN) AUTHORITIES SO PROBLEM APPARENTLY AT YOUR END." (NOTE THAT LEM REP IN SEOUL IS RECRUITING KOREAN LABOR THROUGH KOREAN LABOR SUPPLIER, KOREAN OVERSEAS

DEVELOPMENT CORPORATION, AS REQUIRED BY ROK.)

5. LEM HEARS ALL KINDS OF RUMORS AND CAN ONLY

SPECULATE WHERE THE PROBLEM IS. MOST COMMONLY HEARD RUMOR, AS REPORTED PREVIOUSLY, REVOLVES AROUND THE BELIEF THAT KOREANS COME AS MILITARY UNITS AND, THEREFORE, THEIR NUMBERS IN SAUDI ARABIA NEED BE CURTAILED FOR SECURITY REASONS. OTHER REASON GIVEN FOR RESTRICTING NUMBER OF KOREAN WORKERS IN SAUDI ARABIA IS THAT LOCAL CONTRACTORS, FEARING COMPETITION FROM COMPETITORSEMPLOYING KOREAN WORKERS, HAVE FANNED THE RUMORS THAT KOREANS ARE A THREAT TO SAUDI SECURITY, OR HAVE BRIBED SAG OFFICIALS NOT TO ISSUE KOREAN WORK VISAS.

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6. LEM OFFERS NEW WRINKLE AND THAT IS THAT KOREAN COMPANIES WHICH WORK IN SAUDI ARABIA ARE ENCOURAGING BOTH SAG AND ROK NOT TO ISSUE WORK VISAS. REASON FOR THIS IS THAT KOREAN COMPANIES PAY THEIR WORKERS HALF THE SALARY OF LEM WORKERS (SEE REFTEL) AND OFFER FEW FRINGE BENEFITS (LEM, FOR EXAMPLE GIVES R&R TO ITS KOREANS AFTER SEVEN MONTHS

OF ONE YEAR CONTRACT -- KOREAN COMPANIES DO NOT GIVE THEIR EMPLOYEES R&R). KOREAN COMPANIES, WHO REFUSE TO RAISE EMPLOYEE SALARIES, SEEK TO MAKE IT IMPOSSIBLE FOR THEIR WORKERS TO LEAVE THEM AND GO TO WORK FOR NON-KOREAN EMPLOYERS. ALSO, ACCORDING TO THIS EXPLANATION

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BY CURTAILING KOREAN LABORINFLOW INTO NON-KOREAN COMPANIES HERE, KOREAN COMPANIES ARE AFFORDED OPPORTUNITY TO GAIN SUB-CONTRACTS FROM THOSE VERY SAME COMPANIES THEY ARE ARRANGING TO DEPRIVE ACCESS TO KOREAN LABOR MARKET. FOR PROOF OF THAT PUDDING, LEM COMMENTS IT IS VISITED FROM TIME TO TIME BY SAUDI AND KOREAN "BODY MERCHANTS" WHO PROMISE TO PROVIDE WORK CREWS, COMPLETE WITH FOREMAN, ON SUB-CONTRACTUAL BASIS. THUS FAR LEM HAS REFUSED THAT ALTERNATIVE, PREFERRING TO WORK THEIR MENNOVERTIME AND CHARGE THE COST AGAINST THEIR SAG CONTRACT.

7. ARAMCO HAS ALOS PURSUED THE QUESTION OF SAUDI VISAS FOR KOREANS RECRUAYED BY ITS CONTRACTORS AND HAS FARED NO BETTER THAN LEM (AND OTHER COMPANIES HERE) IN GETTING TO THE BOTTOM OF THE QUESTION. ARAMCO OFFICIALS WE HAVE SPOLEN WITH ARE CERTAIN THAT, USING WORDS OF ONE, "KOREA WILL NOT LET KOREAN WORKMEN GO OUT UNLESS THEY WORK FOR A KOREAN COMPANY." YET WHEN ASKED IF THEY ARE CERTAIN THAT LIMITATION IS AN AGREEMENT BETWEEN SAG AND ROK, THERE IS SOME DOUBT. A SAUDI ARAMCON, WHO IS VERY CLOSE TO THE VISA QUESTION, EXPLAINED THAT "THIS QUESTION HAS NOT BEEN CLARIFIED (BY SAG) AND THEY (OFFICIALS HE SEES) WON'T TELL ME." IN MID-MARCH ARAMCO MADE A STRONG APPEAL ORLOUGH THE DEPUTY MINISTER OF INTERIOR (INTERIOR IS THE ACTION MINISTRY FOR QUESTIONS RELATING TO WORK VISAS) AND WAS TOLD AGAIBTHAT ONLY KOREAN CONTRACTORS GET SAUDI VISAS. THE TURNDOWN WAS SO STRONG THAT ARAMCO DOES NOT INTEND TO RE-OPEN THE MATTER AND HAS SO ADVISED ITS CONTRACTORS. THIS SITUATION IS MOST UNUSUAL BECAUSE ARAMCO HAS AN OUTSTANDING RECORD OF GETTING WHAT IT GOES AFTER HERE AND MANY OF THE PROJECTS ITS CONTRACTORS WISH TO USE KOREANS ON ARE PROJECTS GIVEN BY SAG TO ARAMCO TO EXECUTE.

8. WHILE LEM BAISCALLY BELIEVES SAG IS THE FIRST OBSTACLE TO LIMITED OFFICIAL USE

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THEIR IMPORTING MORE KOREAN LABOR, COMPANY IS TAKING STEPS TO MAKE CERTAIN THAT ROK IS NOT AN OBSTACLE IN THE WAY OF RESOLVING THE VISA ISSUANCE PROBLEM. LATEST STEP IS TO HAVE COMPANY DOCTOR HERE, KYU SUN WANT, WRITE TO JUNG YOM KIM, REPORTEDLY AN INFLUENTIAL MEMBER OF PRESIDENT PARK'S CABINET. KIM IS A CLOSE PERSONAL FRIEND OF DR. WANY AND IT IS HOPED THAT HE WILL EITHER FAVORABLY RESOLVE LEM'S VISA PROBLEM WITH THE ROK OR CLEAR AWAY THE HAZE ENOUGH SO THAT LEM CAN DETERMINE WHICH IS TO BLAME -- SAG OR ROK.

COMMENT: LEM, WE BELIEVE, MIGHT HAVE HANDLED ITS PROBLEM BETTER (AND WE HAVE SO SUGGESTED) IF ITS SENIOR MANAGER AND SAUDI PARTNER HAD TAKEN THE TIME TO TRAVEL TO RIYADH TO SEEK SAG ASSISTANCE WITH THEIR PROBLEMS AT HIGHEST LEVEL. INSTEAD, COMPANY HAS LEFT PROBLEM AT

THIS END IN HANDS OF MIDDLE-MANAGEMENT EMPLOYEE WHO HAS BEEN STONE-WALLED BY SAG OFFICIALS. WHILE WE THINK THAT IT WOULD HAVE BEEN USEFUL FOR LEM'S TOP MANAGEMENT TO TALK DIRECTLY TO TOP SAG OFFICIALS, THAT STEP MIGHT NOT HAVE COMPLETELY EASED ITS PROBLEM. WE RECALL THAT THE HEAD OF ONE VERY LARGE AND POWERFUL SAUDI COMPANY WAS FACED WITH THE SAME PROBLEM AND ONLY RECEIVED A FRACTION OF THE NUMBER OF SAUDI VISAS FOR KOREANS THAT HE HAD SOUGHT TO OBTAIN.

ACTION REQUESTED: POST WOULD APPRECIATE RECEIVING FROM ACTION ADDRESSEES COMMENTS ON THE QUESTIONS RAISED ABOVE. MANY US COMPANIES HAVE SAUDI-VISAS-FOR-KOREANS PROBLEMS SIMILAR (BUT TYPICALLY NOT OF THE SAME MAGNITUDE) TO THAT CONFRONTING LEM, AND OBSERVATIONS AND SUGGESTIONS ON HOW THE PROBLEM CAN BE RESOLVED FAVORABLY WOULD BE APPRECIATED SO THAT THE POST CAN BETTER ANSWER QUESTIONS BY RESIDENT US MANAGERS. BUSHNELL
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